

LICENSES CANCELLED FOR FAILURE TO REPLACE PROOF OF FINANCIAL RESPONSIBILITY

Licenses Requiring Proof of Financial Responsibility – Applicants for the following licenses must have proof of financial responsibility filed with the Department on their behalf:

Adjuster	(individuals and business entities)
Apprentice Adjuster	(individuals)
Agent	(resident individuals)
Temporary Agent	(resident individuals)
Consultant	(individuals and business entities)
Surplus Lines Broker	(resident individuals)
Life Settlement Broker	(individuals and business entities)
Life Settlement Provider	(individuals and business entities)

Further, this required proof of financial responsibility must be maintained at all times, or the license will terminate automatically. [KRS 304.9-105(6)(b), 304.9-260(5)]

Amount and Form of Proof – The amount and required form of proof of financial responsibility vary by license as set out below:

LICENSE	FINANCIAL RESPONSIBILITY	FORM
Adjuster	\$1,000 surety bond Insurer Assumption of Legal Liability	Form 99-3 Form 99-6
Apprentice Adjuster	\$1,000 surety bond Insurer Assumption of Legal Liability	Form 99-3 Form 99-6
Agent	E&O \$20,000 per occurrence & \$100,000 annual aggregate Bond \$20,000 Letter of Credit \$20,000 Insurer's assumption \$20,000	Form 99-1 Form 99-3 Form 99-2 Form 99-4 or 99-6
Temporary Agent	E&O \$20,000 per occurrence & \$100,000 annual aggregate Bond \$20,000 Letter of Credit \$20,000 Insurer's assumption \$20,000	Form 99-1 Form 99-3 Form 99-2 Form 99-4 or 99-6
Consultant	E&O \$20,000 per occurrence & \$100,000 annual aggregate Bond \$20,000 Letter of Credit \$20,000	Form 99-1 Form 99-3 Form 99-2
Surplus Lines Broker	E&O \$1,000,000 per occurrence & \$2,000,000 annual aggregate AND Penal Bond \$50,000	Form 99-1 Form 99-3
Life Settlement Broker	E&O \$20,000 per occurrence & \$100,000 annual aggregate Bond \$20,000 Letter of Credit \$20,000	Form 99-1 Form 99-3 Form 99-2
Life Settlement Provider	E&O \$20,000 per occurrence & \$100,000 annual aggregate Bond \$20,000 Letter of Credit \$20,000	Form 99-1 Form 99-3 Form 99-2

Duty of Insurer and Financial Institution – The insurer providing the errors & omissions policy, surety bond, or assumption of liability agreement or the financial institution providing the letter of credit is required to file the appropriate form with the Department on behalf of the

applicant. By law, the financial responsibility remains in effect until the insurer or financial institution gives the Department written notice at least 30 days prior to the cancellation of the financial responsibility. This notice of cancellation must be submitted to the Department on the appropriate form. The insurer or financial institution must also send a written notice of cancellation to the licensee on the same date notice is sent to the Department. This procedure ensures that licensees have at least 30 days to find replacement coverage and have proof of financial responsibility filed with the Department.

Notice To Replace Proof of Financial Responsibility – Upon receipt of the cancellation notice from the insurer or financial institution, the Department sends a notice to the licensee informing him or her that proof of replacement financial responsibility must be filed within 30 days.

Cancellation of License – If the Department does not receive the proof of replacement financial responsibility by the deadline, the license automatically terminates, and the license certificate must be immediately surrendered to the Department without demand.

Reissuance of License – Once the license is terminated for failure to maintain proof of financial responsibility, the former licensee must stop all activity under that license until the license is reissued.

If the former licensee applies for a reissued license **within 12 months** after the date the license terminated, the Department must receive

- ☐ Application,
- ☐ Background report from the Administrative Office of the Court, for resident licensees,
- ☐ Proof of financial responsibility, and
- ☐ Applicable fees.

The applicant will also have to have any needed appointments and designations filed with the Department.

If the former licensee applies for a reissued license **more than 12 months** after the date the license terminated, the applicant will have to

- ☐ Complete any required preclicensing training course and
- ☐ Pass any required examination.

In addition, the Department must receive

- ☐ Application,
- ☐ Background report from the Administrative Office of the Court, for resident licenses,
- ☐ Proof of financial responsibility, and
- ☐ Applicable fees.

The applicant will also have to have any needed appointments and designations filed with the Department.

Additional Information about Insurance Licenses – Additional information such as requirements for license, certain restrictions, verification of license status, continuing education status, appointments, designations with business entities, forms and instructions, etc. are available through the Department's Web site at <http://insurance.ky.gov>.